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GREETING CARD AND RELATED OPERATIONS

Financial report and accounts for the 1990 season for the year ended 30 April 1991

SUMMARY

The present document presents the results for the 1990 season (1 May 1990-30 April 1991) of UNICEF Greeting Card and related operations (GCO).

As requested by the UNICEF Executive Board, accounts from all three areas of GCO income-generating activities are maintained and presented separately, but are consolidated in statement I.

A total of 154 million cards were sold in 1990, representing an increase of 2 million cards, or 1.3 per cent, over the previous year. Gross proceeds increased to $134.9 million, up by 25.5 per cent.

The net operating profit from the sale of UNICEF greeting cards and related products was $62.8 million, representing 46.6 per cent profitability in terms of gross proceeds. Net operating profit from GCO-supported private sector fund-raising appeals was $16.5 million and from special fund-raising events and new initiatives, $31,000. The consolidated net operating profit of $79.3 million was $15.6 million, or 24.6 per cent, over 1989.

After adjustment for exchange rate losses of $1.6 million, prior years' adjustment of $1.0 million and accounts receivable write-off of $0.1 million, the GCO consolidated net profit contribution to UNICEF general resources was $76.6 million, an increase of $15.0 million, or 24.3 per cent, over 1989.

A country-by-country performance report for the five-year period 1986-1990, with a detailed analysis of 1990, is contained in the annex to the present report.

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FOREWORD

I am pleased to report that in 1990 the greeting card and related operations were able to achieve a record contribution of $76.6 million to UNICEF general resources and a record sales volume of 154 million cards. The general public, through the Greeting Card Operation, thus contributes almost 15 per cent of UNICEF general resources income.

This success is due to the work of hundreds of thousands of individuals around the world. Our thanks go to the National Committees for UNICEF and other cooperating groups whose staff and volunteers sold UNICEF cards and related products; to the hundreds of artists, museums and art collectors whose works were made available, at no charge, for greeting card designs; and to the millions of individuals who purchased UNICEF cards and related products and who donated their time and money to the cause of UNICEF throughout the year.

(Signed) James P. GRANT
Executive Director

I. FINANCIAL REPORT FOR THE 1990 SEASON

A. An overview of the results of the 1990 season

1. In 1990, the greeting card and related operations (GCO) contributed $76.6 million to UNICEF general resources. This contribution consists of the consolidated net operating profit on the sale of UNICEF greeting cards and related products of $62.8 million, the net operating profit of $16.5 million from GCO-supported private sector fund-raising appeals, a profit of $31,000 from special fund-raising events and new initiatives (SENI), and a net loss of $2.7 million from exchange rate adjustment, accounts receivable write-off and prior years' adjustment.

2. The net operating profit of $62.8 million (46.6 per cent profitability) on products was reached through sales and price increases and controls on expenditures. Gross proceeds were $134.9 million. Net operating profit is a major indicator of product sales performance and represents GCO profitability without the influence of adjustments owing to the effects of exchange rate fluctuations. Reaching 50 per cent profitability by 1992, an objective set by the UNICEF Executive Board, remains a fundamental goal for GCO.

3. The net operating profit from private sector fund-raising and SENI increased from $11.1 million in 1989 to $16.5 million in 1990 as National Committees for UNICEF and field offices expanded direct mail campaigns supported by GCO (see paras. 33-38 below for details).

	1990 actual	Change over 1989	1989 actual	1990 budget
Card sales (in millions)	154	2	152	150
	(In millions of United States dollars)			
Gross proceeds	134.9	27.4	107.5	111.3
Commissions	33.5	7.1	26.4	27.4
Total costs	44.1	8.6	35.5	37.5
Other income – net	5.5	-1.5	7.0	5.0
Net operating profit – GCO products	62.8	10.2	52.6	51.4
Net operating profit – fund-raising and special fund-raising events and new initiatives	16.5 a/	5.4	11.1	9.6
Net operating profit – consolidated	79.3	15.6	63.7	61.0
Exchange rate adjustment	-1.6	-0.1	-1.5	0.0
Write-off of prior years' accounts receivable	-0.1	0.0	-0.1	0.0
Prior years' adjustments	-1.0	-0.6	-0.4	0.0
Net profit – consolidated	76.6	14.9	61.7	61.0

a/ Excluding $2.3 million allocated to supplementary funds (see paras.33-37). This is shown in UNICEF financial report.

4. The highlights of the 1990 results, compared with 1989 actual figures and 1990 budget figures, are shown above. More detailed explanations are provided in the notes to the financial statements (see paras. 22-54 below) and in the five-year (1986-1990) overview of country-by-country performance contained in the annex to the present report.

Sales and gross proceeds

5. Card sales were 154 million, showing an increase of 2 million cards over 1989 and 4 million more than the 1990 budget level of 150 million. Gross proceeds reached $134.9 million and were $27.4 million (25.5 per cent) above 1989 and $23.6 million (21.2 per cent) above the 1990 budget.

Commissions

6. Commissions, which include funds retained by National Committees and other sales partners, expenses incurred at field offices and commissions paid to consignees, amounted to $33.5 million and represent 24.8 per cent of gross proceeds.

Total costs

7. Total costs amounted to $44.1 million (an increase of $8.6 million over 1989) and consisted of costs of goods delivered (including freight, duties and taxes) and operating costs. As a percentage of gross proceeds, total costs were 32.7 per cent, a decrease of 0.4 per cent when compared with 1989.

8. The cost of goods delivered amounted to $27.6 million, an increase of $5.6 million (25.3 per cent) over 1989. This increase is largely attributed to a changed product mix, higher sales volume and the related production and shipping costs, and higher promotion material costs to increase outreach and support sales growth in GCO major markets.

9. Operating costs amounted to $16.6 million, an increase of $3.1 million (22.6 per cent) over 1989. This was a cumulative result of statutory salary increases, higher rental and move-related costs, and higher marketing costs to support increased card sales efforts in GCO major markets. As a percentage of gross proceeds, operating costs were 12.3 per cent, 0.3 per cent lower than in 1989 and 1.2 per cent lower than the budgeted 13.5 per cent.

Other income - net

10. Other income totalled $5.5 million (a decrease of $1.5 million when compared with 1989). It includes royalty income from licensed products, income from Nippon Telegraph and Telephone Corporation's pressed flower telegram programme in Japan (see para. 31 below), profits from the sale of National Committee products and donations generated through GCO brochures.

Net operating profit - GCO products

11. Net operating profit from product sales was $62.8 million, $10.2 million (19.3 per cent) higher than in 1989 and $11.4 million (22.2 per cent) above the 1990 budget level.

12. The GCO contribution of $62.8 million from product sales has reached a record level. As a percentage of gross proceeds, the contribution is 46.6 per cent, an increase of 0.4 per cent when compared with the 1990 budget level and a 2.3 per cent decrease when compared with 1989 actual owing to a drop in other income (see paras. 30 and 31 below). GCO will continue its efforts to achieve higher contribution levels, as well as the Executive Board recommended level of 50 per cent net operating profit.

Net operating profit - fund-raising

13. Net operating profit from GCO-supported National Committee and field office fund-raising appeals reached $16.5 million, an increase of $5.2 million over 1989.

14. The $16.5 million was raised for UNICEF general resources and recorded in the accounts of GCO. In addition, $2.3 million from GCO-supported National Committee fund-raising was raised for UNICEF supplementary-funded projects and is shown in the UNICEF financial report.

Net operating profit - SENI

15. After its first full year of operation, net operating profit from SENI was $31,000. In 1990, 22 National Committees and 13 UNICEF field offices received support from GCO/SENI. A major focus of this support was the Danny Kaye International Children's Awards project, which has assisted in building a cooperation basis for income growth in future years.

Net operating profit - consolidated

16. Consolidated net operating profit of GCO, reflecting performance before the effect of exchange rate fluctuations, prior years' adjustments and accounts receivable write-off, amounted to a record $79.3 million, an increase of $15.6 million over 1989 (24.6 per cent).

Exchange rate adjustment

17. For 1990, the GCO overall exchange rate adjustment amounted to a net loss of $1.6 million. This was after providing an $8.6 million allowance for anticipated exchange rate losses on non-United States dollar accounts receivable as at 30 April 1991 and a gain on revaluation of $7.0 million on assets and liabilities held in currencies other than the United States dollar (see para. 40 below).

Prior years' adjustment

18. This consists of sales-related adjustments reported by National Committees and other sales partners for prior years. Total 1990 prior years' sales-related adjustments amounted to $1.0 million.

Accounts receivable write-off

19. This consists of accounts receivable written-off that are deemed to be irrecoverable. For 1990, the GCO overall accounts receivable write-off amounted to $0.1 million.

Net profit - consolidated

20. Consolidated net profit from GCO product sales and GCO-supported fund-raising and SENI activities, and after the effect of exchange rate fluctuations, prior years' adjustment and accounts receivable write-off was $76.6 million, an increase of $15.0 million (24.3 per cent) over 1989.

B. Financial statements for the year ended 30 April 1991

21. The three financial statements that follow are supported by the notes to the financial statements (paras. 22-54 below), which are considered an integral part of the financial report.

STATEMENT I

Comparative statement of income and expenditure for the season ended 30 April 1991

(In thousands of United States dollars)

	Notes	1990 season 1 May 1990-30 April 1991		1989 season 1 May 1989-30 April 1990		Variance Increase/(decrease)	
Number of cards sold (millions)		**154**		**152**		**2**	
			%		%		%
Gross proceeds	1	134,916	100.0	107,535	100.0	27,381	25.5
Less: Commissions to sales partners and direct expenses at field offices	2	33,494	24.8	26,399	24.5	7,095	26.9
Net sales		101,422	75.2	81,136	75.5	20,286	25.0
Less: Total cost of goods delivered	3	27,572	20.4	22,003	20.5	5,569	25.3
		73,850	54.8	59,133	55.0	14,717	24.9
Less: Operating costs	4	16,561	12.3	13,508	12.6	3,053	22.6
		57,289	42.5	45,625	42.4	11,664	25.6
Add: Other income - net	5	5,512	4.1	7,006	6.5	(1,494)	(21.3)
Net operating profit - GCO products	6	**62,801**	**46.6**	**52,631**	**48.9**	**10,170**	**19.3**
Add: Net operating profit							
Private sector fund-raising a/	7	16,516		11,273		5,243	46.5
Special fund-raising events and new initiatives	8	31		(202)		233	215.3
Net operating profit - consolidated	9	**79,348**		**63,702**		**15,646**	**24.6**
Less: Exchange rate adjustment	10	1,578		1,475		103	7.0
Write-off of prior years' accounts receivable	11	119		119		0	0.0
Prior years' adjustment	12	1,013		450		563	125.1
Net profit - consolidated	13	76,638		61,658		14,980	24.3

a/ Excluding $2.3 million allocated to supplementary funds (see paras. 33-37). This is shown in the UNICEF financial report.

Kano Yamamoto, Comptroller

James P. Grant, Executive Director

STATEMENT II

Comparative statement of assets, liabilities and fund balance at 30 April 1991

(In United States dollars)

	Notes	1990 season		1989 season		Increase/(decrease)	
ASSETS							
Cash on hand	14		523,565.97		252,754.61		270,811.36
Accounts receivable	15	106,040,641.73		91,730,272.83		14,310,368.90	
Less: Allowance for exchange rate fluctuation		8,604,081.42		7,148,806.82		1,455,274.60	
Net accounts receivable	16		97,436,560.31		84,581,466.01		12,855,094.30
Inventory	17		13,424,891.73		13,160,130.86		264,760.87
Prepaid expenses	18		255,171.76		667,889.56		(412,717.80)
Capital assets	19		1,327,498.78		12,628.50		1,314,870.28
Total assets			112,967,688.55		98,674,869.54		14,292,819.01
LIABILITIES							
Accounts payable	20	3,741,992.05		4,443,544.58		(701,552.53)	
UNICEF inter-office account	21	32,587,983.19		32,573,078.15		14,905.04	
Total liabilities			36,329,975.24		37,016,622.73		(686,647.49)
FUND BALANCE	22		76,637,713.31		61,658,246.81		14,979,466.50
Total liabilities and fund balance			112,967,688.55		98,674,869.54		14,292,819.01

Kano Yamamoto, Comptroller

James P. Grant, Executive Director

STATEMENT III

Comparative statement of the actual results for the season ended 30 April 1991 with the approved budget

(In thousands of United States dollars)

	1990 season						Variance	
	Actual			Budget				
Number of cards sold (millions)	154			150			4	2.6
			%			%		
Gross proceeds		134,916	100.0		111,300	100.0	23,616	21.2
Less: Commissions to sales partners and direct expenses at field offices		33,494	24.8		27,400	24.6	6,094	22.2
Net sales		101,422	75.2		83,900	75.4	17,522	20.9
Less: Cost of goods delivered	19,615		14.5	15,600		14.0	4,015	25.7
Freight, duties and taxes	3,450		2.6	2,600		2.3	850	32.7
Promotion materials	4,507		3.3	4,300		3.9	207	4.8
Total cost of goods delivered		27,572	20.4		22,500	20.2	5,072	22.5
Less: Marketing, sales and art	5,437		4.0	4,919		4.4	518	10.5
Operations	4,832		3.6	4,219		3.8	613	14.5
Administration	6,292		4.7	5,862		5.3	430	7.3
Total operating costs		16,561	12.3		15,000	13.5	1,561	10.4
Add: Other income - net		5,512	4.1		5,000	4.5	512	10.2
Net operating profit - GCO products		62,801	46.6		51,400	46.2	11,401	22.2
Add: Net operating profit								
Private sector fund-raising a/		16,516			7,700		8,816	114.5
Special fund-raising events and new initiatives		31			1,900		(1,869)	(98.4)
Net operating profit - consolidated		79,348			61,000		18,348	30.1
Less: Exchange rate adjustment		1,578			0		1,578	100.0
Write-off of prior years' accounts receivable		119			0		119	100.0
Prior years' adjustments		1,013			0		1,013	100.0
Net profit - consolidated		76,638			61,000		15,638	25.6

a/ Excluding $2.3 million allocated to supplementary funds (see paras 35-37). This is shown in the UNICEF financial report

Kano Yamamoto, Comptroller

James P. Grant, Executive Director

C. Notes to the financial statements

Statement I (income and expenditure)

Note 1. Gross proceeds

22. This shows the total sales value of all GCO products sold during the campaign year. Sales by major product category compared with 1989 are shown below:

	(In millions of United States dollars)			
			Variance	
	1990	1989	$	%
Cards	106.7	86.6	20.1	23
Calendars	3.8	5.3	-1.5	-28
Stationery	8.6	3.9	4.7	121
Educational materials	6.4	4.2	2.2	52
Shopping bags	2.9	2.1	0.8	38
Other products	6.5	5.4	1.1	20
Total	134.9	107.5	27.4	25

23. Gross proceeds amounted to a record $134.9 million, an increase of $27.4 million over 1989. This was mainly the result of volume and price increases, changed product mix and exchange rate impact.

24. Gross proceeds by sales channel for 1990 compared with 1989 were:

	(In millions of United States dollars)			
			Variance	
	1990	1989	$	%
National Committees and other sales partners	120.4	92.7	27.7	30
Field offices	14.5	14.8	-0.3	-2
Total	134.9	107.5	27.4	25

25. A detailed analysis of sales and performance by country is contained in the annex to the present report.

Note 2. Commissions and field office expenses

26. This item consists of commissions paid to National Committees and other sales partners, and total direct selling expenses at UNICEF/GCO sales offices. Commissions and selling expenses amounted to $33.5 million (24.8 per cent of gross proceeds). A breakdown is given below:

	(In millions of United States dollars)			
			Variance	
	1990	1989	$	%
National Committees and other sales partners	30.1	22.9	7.2	31
Field offices	3.4	3.5	(0.1)	-3
Total	33.5	26.4	7.1	27

Note 3. Total cost of goods delivered

27. The total cost of goods delivered, including promotion materials, freight, duties and taxes, was $27.6 million, an increase of $5.6 million (25.3 per cent) over 1989. This increase was largely due to higher volume with its related production and distribution costs, a changed product mix, higher promotion material costs to support sales growth in GCO major markets and increases in labour and supplier costs resulting from statutory price increases. As a percentage of gross proceeds, the total cost of goods delivered was 20.4 per cent, a decrease of 0.1 per cent when compared with 1989. Details are presented below:

	(In thousands of United States dollars)			
			Variance	
	1990	1989	$	%
Cost of goods delivered	19,615	15,162	4,453	29
Freight, duties, taxes	3,450	2,892	558	19
Promotion materials	4,507	3,949	558	14
Total	27,572	22,003	5,569	25

Note 4. Total operating costs

28. These represent GCO costs for product-related operations, including staff costs. The 1990 costs amounted to $16.6 million, an increase of $3.1 million over 1989. As a percentage of gross proceeds, operating costs were 12.3 per cent, 0.3 per cent lower than the 1989 actual level.

29. The cost increase was mainly due to higher marketing and sales costs in support of the higher sales efforts in major markets, statutory salary increases and higher rental and costs related to the move to new office facilities in New York.

	(In thousands of United States dollars)			
			Variance	
	1990	1989	$	%
Marketing, sales, art search	5,437	4,375	1,062	24
Operations	4,832	4,257	575	14
Administration	6,292	4,876	1,416	29
Total	16,561	13,508	3,053	23

Note 5. Total other income

30. Other income decreased by $1.5 million (21.3 per cent) in 1990, thus negatively affecting GCO overall profitability by 2.4 per cent. A comparison between 1990 and 1989 is presented below and in detail in paragraph 31.

	(In thousands of United States dollars)			
			Variance	
	1990	1989	$	%
Licensed products	2,003	3,764	-1 761	-47
Donations	1,883	1,768	115	7
Miscellaneous income	1,626	1,474	152	10
Total	5,512	7,006	-1 494	-21

31. Other income components are discussed further below:

(a) Income from licensed products ($2.0 million) includes royalties from special programmes (stamp collections, plates, etc.), income from Nippon Telegraph and Telephone Corporation's pressed flower telegram programme in Japan (which dropped substantially in 1990 owing to less favourable conditions offered to UNICEF by the licensee), profits from the sale of National Committee products and other items;

(b) Donations ($1.9 million) represent contributions generated through GCO brochures/order forms;

(c) Miscellaneous income ($1.6 million) comprises bank interest, discounts on purchases, proceeds from the sale of obsolete equipment, etc.

Note 6. Net operating profit - GCO products

32. For the 1990 campaign, the net operating profit for GCO products was a record $62.8 million, an increase of $10.2 million over 1989. As a percentage of gross proceeds, the net operating profit is 46.6 per cent, an increase of 0.4 per cent when compared with the 1990 budget and a 2.3 per cent decrease compared with 1989 (see paras. 30 and 31 above). The GCO goal is to reach 50 per cent.

Note 7. Net operating profit - fund-raising

33. This consists of the income from GCO-supported National Committee and field office fund-raising appeals ($19.7 million) net of related expenses. The 1990 net operating profit of $16.5 million for private sector fund-raising is presented below in the detailed statement of income and expenditure.

PRIVATE SECTOR FUND-RAISING

Comparative statement of income and expenses for the season ended 30 April 1991

(In thousands of United States dollars)

	1990 season 1 May 1990 - 30 April 1991	1989 season 1 May 1989 - 30 April 1990	Variance Increase (Decrease) $	Variance Increase (Decrease) %
Net proceeds				
Direct appeal campaigns	17,473 a/	12,158	5,315	43.7
Total net proceeds	17,473	12,158	5,315	43.7
Operating costs				
Short-term Professional staff	540	343	197	57.4
Short-term General Service staff	204	161	43	26.7
Travel, conference and liaison	72	55	17	30.9
Support services and materials	94	299	-205	-68.6
Rent, equipment, supplies and freight	47	27	20	74.1
Total operating costs	957	885	72	8.1
Net operating income	16,516	11,273 b/	5,243	46.5

a/ Additional income of $2.3 million was allocated for supplementary funds and will be shown in the UNICEF financial report.
b/ The net operating profit for private sector fund-raising has been restated to disclose separately the statement of income and expenses for special fund-raising events and new initiatives (see para. 38).

34. In 1990, the number of National Committees and field offices conducting GCO-supported fund-raising appeals increased from 15 to 18 and the net income generated for UNICEF from these campaigns, including proceeds for supplementary funds, rose from $15.1 million (1989) to $19.7 million (1990), an increase of $4.6 million, or 30.5 per cent (see table below). The higher revenues were obtained through new and expanded direct mail appeals implemented by National Committees and field offices.

35. Of the $19.7 million total, $2.3 million were allocated by National Committees to various UNICEF supplementary-funded projects. According to GCO rules, under which GCO contributes exclusively to UNICEF general resources, funds allocated in this way cannot be included in GCO accounts. Therefore, GCO is reporting total net proceeds of $17.5 million in its 1990 financial statements, with the balance of $2.3 million being shown in the consolidated UNICEF financial report and statements. For details, see the table below.

Net proceeds from National Committees and field offices

	(United States dollars) 1990		1989
Australia	150,223		-
Belgium	326,146		224,752
Cyprus	18,890		7,958
Denmark	44,235		47,953
France	8,038,457		7,499,933
Germany	5,819,801	a/	3,355,382
Hong Kong	41,701		53,182
Indonesia	2,544		-
Italy	3,746,299		2,171,874
Japan	102,234		85,666
Mexico	11,140		2,958
Netherlands	552,006		583,300
New Zealand	20,521		-
Norway	807		10,472
Singapore	4,032		-
Sweden	53,475		41,055
Thailand	-		1,693
Turkey	12,278		43,748
United States of America	797,534	a/	928,151
Total net income	19,742,323		15,058,077
Less: Income recorded in UNICEF financial report	2,269,534	a/	2,900,000
GCO net proceeds	17,472,789		12,158,077

a/ Of the total amount raised in Germany ($5.8 million) and in the United States of America ($0.8 million), only $4.1 million and $0.2 million, respectively, are included in GCO income for general resources. The balance of $1.7 million and $0.6 million was allocated by the German Committee for UNICEF and the United States Committee for UNICEF to supplementary funds and is shown in the UNICEF financial report.

36. GCO net operating expenses in the area of private sector fund-raising for 1990 amounted to $1.0 million, an increase of $0.1 million over 1989 actual. Staff costs were higher in order to cover the increased workload resulting from the new and expanded appeals. Support services and materials decreased as more of the materials produced for GCO-supported campaigns were reimbursed from Committees' fund-raising income.

37. The net operating profit reached $16.5 million, an increase of $5.2 million over 1989 actual and $8.8 million over budget.

Note 8. Net operating profit - SENI

38. In 1989, the Executive Director assigned the handling of special fund-raising events and new initiatives to GCO (E/ICEF/1990/AB/L.6, para. 67). In 1990, approximately 35 National Committees and UNICEF field offices received support from GCO/SENI. The major focus of this support was the Danny Kaye International Children's Awards project and providing assistance in the review and implementation of national and local projects. The net proceeds in 1990 resulted from the Danny Kaye project, which has strong potential for income growth in future years. GCO operating expenses in the area of SENI for 1990 (its first full year of operation) amounted to $0.9 million, an increase of $0.7 million compared with 1989 (a partial year) and $0.2 million less than budget. Details are presented below.

SPECIAL FUND-RAISING EVENTS AND NEW INITIATIVES
Comparative statement of income and expenses for the season ended 30 April 1991

(In thousands of United States dollars)

	1990 season 1 May 1990 - 30 April 1991	1989 season 1 May 1989 - 30 April 1990	Variance Increase (Decrease) $	%
Net proceeds	883		883	0.0
Operating costs				
Short-term Professional staff	494	149	345	231.5
Short-term General Service staff	101	10	91	910.0
Training and liaison	67		67	0.0
Rent, equipment, supplies and freight	38	43	-5	-11.6
Support services and materials	152		152	0.0
Total operating costs	852	202	650	321.8
Net operating income	31	-202 a/	233	215.3

a/ In 1989, these expenses were shown under Private Sector Fund-Raising. However, they have been restated in 1990 in order to disclose separately the net operating income from Special Fund-Raising Events and New Initiatives.

Note 9. Net operating profit - consolidated

39. The consolidated net operating profit from the sale of GCO products, from private sector fund-raising and from SENI, amounted to $79.3 million in 1990, an increase of $15.6 million over 1989.

Note 10. Exchange rate adjustment

40. The effect of exchange rate fluctuations on GCO income and accounts receivable can be substantial (see para. 59 below). In 1990, this resulted in a net loss of $1.6 million, composed of:

(a) A gain of $7.0 million on periodic revaluations of assets and liabilities held in currencies other than the United States dollar;

(b) An allowance of $8.6 million established to cover the anticipated exchange rate loss on accounts receivable in non-United States dollars as at 30 April 1991 (see para. 46 below).

Note 11. Accounts receivable write-off

41. GCO policy is to write off receivables after three years, or when they are deemed not collectible. Nevertheless, GCO continues its efforts to collect on these debts. For 1990, the write-off is $0.1 million, which is presented separately on the financial statement. This amount is equal to 1989, which has been restated for comparative purposes.

Note 12. Prior years' adjustment

42. In accordance with GCO accounting policy, adjustments reported by National Committees and other sales partners for prior years are recorded as prior years' adjustments. For 1990, the total prior years' adjustment is $1.0 million, which is presented separately on the financial statement. The amount for 1989 has been restated for comparative purposes.

Note 13. Net profit - consolidated

43. The consolidated net profit from GCO products and private sector fund-raising and SENI support to UNICEF in 1990 was $76.6 million, an increase of $15.0 million over 1989.

Statement II (assets, liabilities and fund balance)

Note 14. Cash on hand

44. Cash on hand consisted of balances in GCO bank accounts and petty cash accounts, which amounted to $0.5 million at 30 April 1991.

Note 15. Accounts receivable

45. Accounts receivable include amounts due from National Committees and other sales partners for sales, as well as royalties and miscellaneous receivables. The gross accounts receivable at 30 April 1991 were $106.0 million, compared with $91.7 million at 30 April 1990. The increase of $14.3 million is due to higher sales proceeds generated in the 1990 campaign. Agreements with National Committees provide for payment of these balances by 31 August of each year after the campaign. The outstanding balance as at 1 November 1991 was $32.3 million.

Note 16. Net accounts receivable

46. According to the GCO accounting policy (see para. 59 below), an allowance of up to 10 per cent of accounts receivable held in non-United States dollar currencies may be established; for 1990, the allowance amounted to $8.6 million. Net accounts receivable after deducting this allowance amounted to $97.4 million.

Note 17. Inventory

47. Inventory is stated at standard cost (raw materials, products in process, finished products and products in transit) and at 30 April 1991 amounted to $13.4 million. The inventory at 30 April 1991 consisted of:

(a) Card and non-card products;

(b) Publicity and promotion materials manufactured during the year for the 1991 campaign;

(c) Carry forward inventory from prior years, at add-on cost.

	(In thousands of United States dollars)	
	1990	1989
Raw materials	3,421	3,617
Products in process, finished products, products in transit and publicity/promotional products	10,004	9,543
Total	13,425	13,160

Note 18. Prepaid expenses

48. These represented payments made to suppliers for the production of GCO products and promotion materials for 1991 and future campaigns. At 30 April 1991, these amounted to $0.3 million, which is $0.4 million lower than the 1989 level.

Note 19. Capital assets

49. These are stated at cost less accumulated depreciation. In accordance with the GCO accounting policies, capital assets costing $0.1 million or more are capitalized and depreciated over their estimated useful life.

50. Capital assets for 1990 increased by $1.3 million over the 1989 level. The increase is the result of capitalizing production and office assets purchased to meet the expanded growth of GCO in areas of product sales, private sector fund-raising and SENI. Below is a summary of capital assets at 30 April 1991.

	(In thousands of United States dollars)	
	1990	1989
Production machinery	566	428
Office equipment	997	88
Subtotal	1,563	516
Accumulated depreciation	235	503
Total	1,328	13

Note 20. Accounts payable

51. Total accounts payable at 30 April 1991 amounted to $3.7 million, a decrease of $0.7 million when compared with the 1989 level. A total of $3.1 million was payable to outside suppliers and agencies and $0.6 million was accrued for salaries and expenses payable.

Note 21. UNICEF inter-office account

52. This represents the balance owed to UNICEF for monies advanced by UNICEF as working capital to GCO, which at 30 April 1991 was $32.6 million. At year's end, GCO earnings are transferred by GCO to UNICEF via this account.

Note 22. Fund balance

53. This is comprised of GCO earnings which are transferred to UNICEF general resources income; at 30 April 1991, the balance was $76.6 million.

Statement III (actual results compared with the 1990 budget)

54. GCO performance in 1990 was considerably above budget projections. The highlights are as follows:

(a) Card sales were over budget by 4 million units, or 2.6 per cent;

(b) Gross proceeds exceeded budget by $23.6 million, or 21.2 per cent;

(c) Commissions (including direct expenses at field offices) were $6.1 million over budget, a direct result of higher sales proceeds. As a percentage of gross proceeds, commissions were 24.8 per cent in 1990, compared with a budget of 24.6 per cent;

(d) Total cost of goods delivered amounted to $27.6 million, $5.0 million over budget (22.5 per cent). This increase was attributable to a higher volume and its related production and freight costs, a changed product mix and higher promotion material costs to increase outreach and to support sales growth in GCO major markets;

(e) Total operating costs for the year were $16.6 million. As a percentage of gross proceeds, total operating costs were 12.3 per cent, 1.2 per cent below budget;

(f) Other income for the year was $5.5 million, an increase of $0.5 million compared with budget;

(g) Net operating profit from GCO products was $62.8 million, an increase of $11.4 million (22.2 per cent) over budget. As a percentage of gross proceeds, net operating profit was 46.6 per cent, an increase of 0.4 per cent over budget;

(h) Net operating income from fund-raising was $16.5 million, an increase of $8.8 million (114 per cent) over budget;

(i) Net operating profit from SENI in its first full year of operation was nominal ($31,000). Of the two major international fund-raising events planned, only the Danny Kaye International Children's Awards telethon was implemented in the reporting period. The radiothon was deferred to 1992. While the budget goal of $1.9 million was not met, the activities conducted by SENI established a sound cooperation basis for future income growth. In addition, local events supported by SENI, but not reported in the GCO income statement, generated over $1.5 million;

(j) After the effect of exchange rate adjustment, prior years' adjustments and accounts receivable write-off, GCO posted a net consolidated profit of $76.6 million, exceeding the budgeted level by $15.6 million.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

55. The accounts are maintained in accordance with the Financial Regulations and Rules of the United Nations Children's Fund and with the Financial Regulations and Rules of the United Nations Children's Fund, Special Supplement, Greeting Card Operation.

56. The accounting period of GCO is 1 May to 30 April. The accounts of GCO are consolidated into the UNICEF accounts as at 31 December. Consistent year-end cut-off procedures are in effect to incorporate GCO accounts into the UNICEF financial statements.

57. The accounting unit is the United States dollar. The equivalent in United States dollars of other currencies is established on the basis of the United Nations operational rates of exchange on the transaction date.

58. Deliveries to National Committees and other sales partners are recorded in local currencies converted into United States dollars at the United Nations exchange rate operational on the individual delivery dates. GCO gross proceeds reported in local currencies by sales partners are recorded in United States dollars at the resultant average exchange rates calculated on the basis of the rates used for deliveries. Actual cash collection is recorded in United States dollars at the United Nations rate in effect at the time remittances are received.

59. Periodically, assets and liabilities in currencies other than United States dollars are valued for accounting purposes at the prevailing United Nations rates of exchange. Any variance in valuation caused by fluctuation of those rates is accounted for as income or loss and shown separately in the statement of income and expenditure under revaluation of assets and liabilities (exchange rate adjustment). An allowance of 10 per cent of non-United States dollar-denominated outstanding accounts receivable at 30 April may be established to cover the fluctuation of exchange rates. The allowance is shown as a deduction from the accounts receivable on the statement of assets and liabilities.

60. The inventory of raw materials, work in process, finished goods for the next campaign and goods in transit are valued at standard cost. It is GCO policy to write off all finished unsold products from the current campaign year. Products that are carried forward to the following campaign are included in inventory at add-on cost. All publicity and promotion materials bought in the current campaign year, but relating to future campaign years, are shown at standard cost and included in inventory.

61. Capital assets costing $100,000 or more are capitalized and depreciated over their estimated useful life.

62. Income from GCO-supported National Committee fund-raising activities and from SENI for UNICEF general resources and related GCO expenses are both recorded separately in the GCO accounts.

Annex

COUNTRY-BY-COUNTRY PERFORMANCE REPORT FOR THE 1990 SEASON
FOR THE SALE OF GREETING CARDS AND RELATED PRODUCTS

1. Since 1987, in response to a UNICEF Executive Board request, a report representing an evaluation of performance by sales partners for the sale of greeting cards and related products has been prepared annually, as follows:

(a) Table 1 below shows gross proceeds for all products and the number of cards sold by sales region and by major selling country for 1990 compared with 1989. It shows the ranking of each major market expressed as a percentage of global gross proceeds and also illustrates each country's performance on a per capita basis showing gross proceeds and cards sold per 1,000 population in 1990 compared with 1989;

(b) Table 2 below shows country-by-country performance for the period 1986-1990.

2. In order to measure country-by-country performance, GCO has established eight indicators that have been discussed with the respective sales partners: National Committees for UNICEF, field offices and consignees. The indicators reflect the areas of joint responsibility of the greeting card sales partnership, including forecasting, ordering, selling, pricing and promotion material costs, and lead up to the key indicator: "contribution to GCO".

3. The eight performance indicators (PI 1 to PI 8) are:

(a) PI 1. Card sales (in millions of cards);

(b) PI 2. Gross proceeds (in millions of United States dollars);

(c) PI 3. Other income (in millions of United States dollars) from special programmes such as licensed products or products produced by sales partners;

(d) PI 4. Commission/retention and direct expenses at field offices (as a percentage of gross proceeds);

(e) PI 5. Pricing is indicated as a percentage of a base price for an "A-format" (standard-size) card established annually by GCO. An asterisk (*) denotes countries where the price level has reached or exceeded the GCO base price;

(f) PI 6. Distribution over sales (as a percentage over base) represents a percentage exceeding established distribution ratios for a consignment sales partnership (the standard = 0);

(g) PI 7. Promotion materials cost (as a percentage of gross proceeds) are the direct costs of production of promotion materials provided free by GCO to its sales partners;

(h) PI 8. Contribution to GCO (as a percentage of gross proceeds) represents the result of sales proceeds plus other income, less commissions/sales office costs, cost of goods delivered and the cost of promotion materials, expressed as a percentage of gross proceeds. It is the measure of performance. The cost of goods delivered are influenced by the sales partners' accuracy in forecasting and ordering as well as by the efficiency of GCO procurement.

Performance overview 1986-1990

4. Table 2 reflects the performance by country over a period of five years. This overview can be summarized by country, by region and globally. Global performance shows the following trends:

(a) PI 1. Sales volume increased from 122.1 million cards in 1986 to 154.0 million cards in 1990, a 26 per cent increase;

(b) PI 2. Gross proceeds grew steadily from $73.4 million in 1986 to $134.9 million in 1990, an increase of 84 per cent;

(c) PI 3. Other income increased from $2.2 million in 1986 to $5.5 million in 1990, a 150 per cent increase;

(d) PI 4. Commissions/retention was reduced from 26 per cent in 1986 to 25 per cent in 1990. Since 1987, the overall 25 per cent commission/retention rate has been achieved by GCO sales partners collectively each year;

(e) PI 5. There was a consistent adaptation of pricing from 1986 to 1990 towards higher prices. The base price has been increasing, with most of Europe and the North America and Pacific countries reaching the base price;

(f) PI 6. Owing to improved monitoring methods and accuracy of forecasting, the excess distribution factor (distribution over sales) decreased from 21 per cent in 1986 to 10 per cent in 1990;

(g) PI 7. Owing to constant monitoring and control on quantities ordered, the expenditure for promotion materials dropped in 1990 to 3 per cent and remained under the targeted 4 per cent;

(h) PI 8. The overall contribution to GCO (as a percentage of gross proceeds) increased from 54 per cent in 1986 to 59 per cent in 1990 (see para. 16 below).

1990 global assessment

5. The eight performance indicators not only serve as a tool to measure individual country performance, they also provide a means to assess globally GCO cooperative performance with National Committees and other sales partners.

6. There are a total of 43 individual countries (major markets by region) and four groups of countries included in the 1990 country analysis, and the eight performance indicators show the following results.

Sales volume (PI 1)

7. In addition to providing a measure of income potential, this is the only indicator that also measures UNICEF "visibility" or presence in the world market. It is therefore valuable as a qualitative as well as a quantitative indicator.

8. In 1990, 28 countries and groups of countries showed increases in sales volume, 6 countries maintained 1988 sales levels and 13 countries showed sales decreases.

Gross proceeds (PI 2)

9. Gross proceeds from the sale of GCO products increased in 30 countries between 1989 and 1990, 11 countries maintained proceeds at approximately the same levels as in 1988 and 6 countries showed slight decreases.

Other income (PI 3)

10. Income from other sources and products was a factor in the performance of 14 countries, the same as in 1989, but a lower level of income than in 1989 was achieved, largely due to a change in the agreement with the Nippon Telegraph and Telephone Corporation in Japan, which resulted in lower income.

Commissions/retention (PI 4)

11. The percentage retention by National Committees, expenses at field offices and commissions paid to sales partners remained at the same level as 1989 (25 per cent overall). Altogether, 34 countries were at or below the 25 per cent level and 13 were above it.

Pricing (PI 5)

12. In 1990, 19 countries were at or above the base price, while 26 countries remained below it.

13. In countries with high inflation, the system of periodic price adjustments helped to offset the negative effects of inflation.

Distribution/sales ratio (PI 6)

14. Overall, the ratio of "cards distributed" over "cards sold" increased from 5 per cent in 1989 to 10 per cent. Twenty-five countries reached or maintained a favourable ratio at standards, 7 countries reduced their ratio, while 19 increased. This was primarily due to sales being below forecast in Latin America, in some specific Central and Eastern European countries and in India.

Promotion material costs (PI 7)

15. Overall promotional material cost decreased to 3 per cent of gross proceeds. Twelve countries showed increases in 1990; costs decreased in 16 countries and remained approximately the same in 18 countries.

Contribution to GCO (PI 8)

16. The overall contribution in 1990 was 59 per cent of gross proceeds. The 1989 result was 61 per cent. In order to reach the 50 per cent net profit GCO objective, this number should reach 63 per cent.

17. In 15 countries, the contribution to GCO increased, in 2 countries it remained unchanged, while it decreased in 30 countries. Analysing by region it can be observed that contributions in region V remained unchanged, whereas regions I, II, III, IV and VI showed some decrease.

1990 regional assessment

Region I (North America)

18. There was an increase in gross proceeds in the United States, whereas Canada maintained its 1989 level. The increase in the United States was due to price increases. Card volumes decreased both in the United States and Canada, primarily due to the prevailing economic conditions.

19. As a percentage of global GCO gross proceeds and greeting cards sold, this region contributed 11.4 per cent to total gross proceeds and 11.9 per cent to total cards sold. The overall contribution to GCO of this region is 48 per cent.

Region II (Latin America)

20. Overall card sales declined by 5.8 per cent in this region as compared with 1989, but were still significantly above 1988 results. Gross proceeds declined marginally compared with 1989 and the contribution decreased to 34 per cent. This was due to the general economic/political environment in Argentina and Brazil, which caused major declines in unit sales in both countries and in gross proceeds in Brazil.

21. Brazil, which accounts for 41 per cent of the region's gross proceeds, suffered a combined 19 per cent loss in gross proceeds and other income. This is largely attributable to the very high rate of inflation in 1990 and a change in local banking regulations.

22. Retention rates increased in six countries, whereas prices were increased in seven countries.

Region III (Asia)

23. The region showed considerable growth in 1990, with increases in gross proceeds in every country. Card sales volume increased by 21 per cent and the retention rate for the region decreased to 26 from 33 per cent.

24. The sales volume grew most significantly in Japan, by 20 per cent. The Republic of Korea increased gross proceeds by 38 per cent and improved its contribution with a reduction in its retention rate, although it still suffers adversely from high staff costs.

25. Japan's other income, mainly accruing from the pressed flower telegram programme royalty income, decreased in 1990 (see note 5, paras. 30 and 31, of the financial report), causing a drop in its overall contribution rate. This, in turn, adversely affected the Asia regional contribution. Japan's contribution rate, however, remained at a high 107 per cent because of the positive effect of royalty income on greeting card sales performance.

Region IV (Pacific, India and Pakistan)

26. This region suffered a decline in sales to levels comparable to those of 1989 both in terms of volume and gross proceeds, mainly due to the declines in India, which experienced a 13 per cent drop in card volume and a 21 per cent loss in gross revenue. This resulted in increased retention, which still remains, however, below the target of 25 per cent.

27. The Australian Committee increased both card volume and gross proceeds. The Australian contribution to GCO increased to 49 per cent.

28. New Zealand's contribution to GCO increased over 1989, and even though volume went down, gross proceeds were about the same as in 1989.

29. Pakistan showed growing card volumes, as well as gross proceeds, and succeeded in further reducing its retention rate. The pricing in both India and Pakistan, however, is still below target.

Region V (Europe)

30. Gross proceeds of the region are at the highest level ever reached at $99.1 million, an increase of 34 per cent. This was a cumulative result of favourable exchange-rate fluctuations (16 per cent) and an average regional price increase of 8 per cent.

31. Sales volume in the region increased from 102.1 million cards in 1989 to 104.6 million cards in 1990, an increase of 2 per cent.

32. Distribution over sales (PI 6) increased unfavourably from 8 to 10 per cent, while the cost of promotion material remained constant. In 1990, GCO had higher deliveries than in 1989 to support increased demand and growth in sales. The unfavourable situation in Central and Eastern European countries contributed to the increase of the level of unsold goods.

33. Austria's contribution to GCO decreased from 58 per cent in 1989 to 50 per cent in 1990, mainly as a result of higher promotional costs.

34. Denmark's contribution to GCO decreased from 60 per cent in 1989 to 58 per cent. This was mainly due to increased promotional costs.

35. Finland decreased its volume of cards sold, but its gross proceeds increased mainly because of the sale of other products.

36. France is at a comparable level with the previous year (14.4 million cards in 1989; 14.2 million cards in 1990), and the percentage of contribution is the same as 1989 (60 per cent of sales). The ratio of distribution over sales improved marginally in 1990. It is still comparatively high, but it is related to the local distribution system with a high number of consignees.

37. Germany maintained its position of being the largest GCO market with a volume of 16.9 million cards, of which 0.4 million were sold in the former German Democratic Republic.

38. Ireland had an increase in card sales and a decrease of contribution due to higher costs.

39. Italy had an increase of card sales volume from 7.2 million in 1989 to 8.8 million in 1990. Gross proceeds increased from $6.3 million in 1989 to $10.7 million in 1990 (69 per cent), including the impact of the exchange rate, product mix and increased selling prices. Contributions increased from 62 per cent in 1989 to 63 per cent in 1990.

40. The Netherlands increased its sales volume and gross proceeds, but had a decrease in its contribution to GCO in percentage of sales from 65 per cent in 1989 to 63 per cent in 1990 because of the cost of goods delivered.

41. In Norway, as a result of the reorganization of the local distribution system, the volume of cards decreased from 2.3 million in 1989 to 2.0 million in 1990. This reorganization should lead to an increased profitability in the future, but for 1990 the reduction of sales involved a decrease of contribution to 47 per cent of sales in 1990 from 50 per cent in 1989.

42. With 15 million cards sold in 1990, Spain became the second largest GCO market in volume. The contribution is 57 per cent of sales in 1990, versus 58 per cent in 1989.

43. In Sweden, there was an increase of contribution to 59 per cent of sales in 1990 versus 52 per cent in 1989 due to higher reimbursements of value-added tax from the Government and other income, mainly donations.

44. Switzerland's contribution decreased from 69 per cent of sales in 1989 to 66 per cent of sales in 1990 mainly because of the decrease of other income (National Committee products) and the higher cost of goods delivered.

45. The United Kingdom had a volume of 2.3 million cards, versus 2.4 million in 1989. Its contribution to GCO decreased from 41 per cent in 1989 to 32 per cent in 1990, mainly related to a deterioration of distribution to sales ratio (PI 6).

46. Results of Central and Eastern European countries have been affected by structural and other changes such as exchange-rate fluctuations, which had an unfavourable effect on volume, gross proceeds, contribution and distribution ratios.

Region VI (Africa and Middle East)

47. This region registered increases of sales volume from 4.8 million cards in 1989 to 5.1 million in 1990, and of gross proceeds from $5.0 million in 1989 to $5.6 million in 1990. The contribution for 1990 is at 65 per cent of sales compared to an exceptionally high level of 68 per cent in 1989.

Table 1

Volume of card sales and gross proceeds for all products

- by region and by major markets -

1990 season compared with 1989 season

	1990 season					1989 season					Increase/(decrease)		
	Thousands of cards sold	Gross proceeds (Thousands of US dollars)	Percentage of total proceeds	Gross proceeds per 1,000 population	Cards sold per 1,000 population	Thousands of cards sold	Gross proceeds (Thousands of US dollars)	Percentage of total proceeds	Gross proceeds per 1,000 population	Cards sold per 1,000 population	No. of cards sold 1990 over 1989	1990 gross proceeds over 1989	Population in millions
North America - Region I													
Canada	6,113	5,277	3.9	196.36	230	5,425	5,252	4.9	197.66	242	(312)	22	26.6
United States of America	12,245	10,149	7.5	40.37	49	12,994	9,589	8.9	38.14	52	(749)	560	251.4
Subtotal, North America	18,358	15,426	11.4	-	-	19,419	14,844	13.8	-	-	(1,061)	582	
								0.0					
Latin America - Region II								0.0					
Argentina	678	384	0.3	11.67	18	768	425	0.4	12.92	23	(190)	(41)	32.9
Brazil	5,030	2,266	1.7	15.08	33	5,836	2,790	2.6	18.56	39	(806)	(522)	150.4
Chile	292	142	0.1	10.76	22	316	141	0.1	10.68	24	(26)	1	13.2
Colombia	1,092	627	0.5	19.06	33	1,027	580	0.5	17.63	31	65	47	32.9
Ecuador	374	244	0.2	22.59	35	303	184	0.2	17.04	28	71	60	10.8
Mexico	497	967	0.8	8.14	8	441	923	0.8	7.61	8	56	44	81.9
Peru	469	283	0.2	12.89	21	391	204	0.2	9.15	10	78	79	22.3
Uruguay	377	197	0.1	65.67	126	405	194	0.2	64.67	136	(32)	3	3.0
Venezuela	129	100	0.1	5.08	7	108	71	0.1	3.80	5	21	29	19.7
Others	997	827	0.6	-	-	749	650	0.5	-	-	148	77	
Subtotal, Latin America	9,736	5,639	4.1	-	-	10,362	5,762	5.4	-	-	(617)	(223)	
								0.0					
Asia - Region III								0.0					
Hong Kong	567	339	0.3	58.62	98	436	253	0.2	43.62	75	121	86	5.8
Indonesia	434	216	0.2	1.21	2	390	196	0.2	1.09	2	44	32	180.6
Japan	4,189	3,642	2.6	28.83	34	3,478	2,609	2.3	20.28	29	711	1,033	123.7
Korea, Republic of	407	240	0.2	5.61	10	268	174	0.2	4.07	6	140	66	42.8
Philippines	239	153	0.1	2.49	6	279	141	0.1	2.29	5	60	12	61.5
Thailand	160	97	0.1	1.73	3	120	67	0.1	1.19	2	43	30	56.2
Others	753	564	0.4	-	-	634	362	0.3	-	-	119	192	
Subtotal, Asia	6,842	5,143	3.6	-	-	5,595	3,892	3.4	-	-	1,247	1,451	
								0.0					
Pacific, India & Pakistan - Region IV								0.0					
Australia	2,320	1,702	1.3	105.08	143	2,147	1,583	1.5	102.66	130	173	39	16.2
India	6,175	1,866	1.4	2.36	8	7,142	2,122	2.0	2.71	9	(967)	(256)	783.0
New Zealand	446	336	0.2	101.52	135	492	347	0.3	105.15	149	(46)	(12)	3.3
Pakistan	460	192	0.1	1.81	4	321	132	0.1	1.24	3	139	60	106.2
Others	24	13	0.0	-	-	22	13	0.0	-	-	2	0	
Subtotal, Pacific, India & Pakistan	9,425	4,109	3.0	-	-	10,124	4,277	4.0	-	-	(699)	-168	

Table 1 (continued)

	1990 season					1989 season					Increase/(decrease)		
	Thousands of cards sold	Gross proceeds (Thousands of US dollars)	Percentage of total proceeds	Gross proceeds per 1,000 population	Cards sold per 1,000 population	Thousands of cards sold	Gross proceeds (Thousands of US dollars)	Percentage of total proceeds	Gross proceeds per 1,000 population	Cards sold per 1,000 population	No. of cards sold 1990 over 1989	1990 gross proceeds over 1989	Population in millions
Europe – Region V													
Austria	1,662	1,651	1.2	217.24	219	1,571	1,251	1.2	164.61	207	91	400	7.6
Belgium	2,767	2,796	2.1	282.32	279	2,115	1,806	1.7	182.42	214	652	969	9.9
Czechoslovakia	297	129	0.1	8.27	19	546	786	0.7	50.38	35	(249)	(657)	15.6
Denmark	2,009	2,078	1.5	407.45	394	1,888	1,609	1.5	315.49	370	121	469	5.1
Finland	2,868	4,148	3.1	846.12	544	2,961	3,374	3.1	688.57	604	(296)	772	4.9
France	14,226	15,723	11.7	277.79	251	14,392	11,812	11.0	208.69	254	(166)	3,911	56.6
German Democratic Republic	354	145	0.1	2.32	6	955	342	0.3	5.46	15	(601)	(197)	62.6
Germany, Federal Republic of	16,503	19,422	14.4	245.65	209	16,364	14,820	13.8	187.59	207	139	4,602	79.0
Greece	2,592	1,755	1.3	175.50	259	2,333	1,197	1.1	119.70	233	259	558	10.0
Ireland	496	374	0.3	106.86	141	446	276	0.3	78.86	127	49	98	3.5
Italy	8,795	10,710	7.9	186.26	153	7,208	6,321	5.9	109.93	125	1,587	4,389	57.5
Luxembourg	483	556	0.4	1,390.00	1,208	438	387	0.4	967.50	1,095	45	169	0.4
Netherlands	7,990	7,486	5.5	502.35	536	7,756	5,854	5.4	392.89	521	234	1,631	14.9
Norway	2,007	1,799	1.3	428.33	478	2,333	1,866	1.7	444.29	555	(326)	(67)	4.2
Poland	798	133	0.1	3.50	21	4,077	688	0.6	18.11	107	(3,279)	(555)	38.0
Portugal	2,149	1,038	0.8	99.81	207	1,542	656	0.6	63.27	148	607	380	10.4
Spain	15,014	8,425	6.2	212.75	379	13,570	5,435	5.1	137.25	343	1,444	2,990	39.6
Sweden	3,442	3,278	2.4	385.65	405	3,921	3,099	2.9	364.59	461	(479)	179	8.5
Switzerland	4,568	6,850	5.1	1,007.35	672	4,459	5,493	5.1	807.79	656	109	1,357	6.8
Turkey	4,084	1,365	1.0	23.99	72	2,953	699	0.7	12.28	52	1,131	666	56.9
United Kingdom	2,343	1,620	1.2	28.22	41	2,402	1,503	1.4	26.18	42	(59)	117	57.4
Yugoslavia	6,289	4,254	3.2	177.99	263	5,334	1,926	1.8	80.59	223	955	2,328	23.9
Others	2,993	3,348	2.5	-	-	2,566	2,713	2.5	-	-	427	635	
Subtotal, Europe	104,526	99,079	73.4	-	-	102,130	73,915	68.7	-	-	2,396	25,164	
Africa and Middle East – Region VI	5,130	5,621	4.2	-	-	4,833	5,045	4.7	-	-	297	576	
TOTAL	154,018	134,916	100.0	-	-	152,453	107,535	100.0	-	-	1,563	27,381	

Table 2

Country-by-country performance report, 1986 - 1990
Performance Indicators 1 - 8 (PI 1 - PI 8) a/

	PI 1 Card sales (Millions of card units)					PI 2 Gross proceeds (Millions of US dollars)					PI 3 Other income (Millions of US dollars)					PI 4 Commissions/retention (percentage of gross proceeds)				
	1986	1987	1988	1989	1990	1986	1987	1988	1989	1990	1986	1987	1988	1989	1990	1986	1987	1988	1989	1990
North America – Region I																				
Canada	5.6	4.9	5.8	6.4	6.1	3.5	3.6	4.4	5.3	5.3	0.0	0.0	0.1	0.1	0.1	25	25	25	25	25
United States of America	14.2	14.0	11.7	13.0	12.2	7.8	7.9	8.4	9.6	10.1	0.8	0.4	0.6	0.6	0.5	37	34	36	28	29
Subtotal – North America	19.8	18.9	17.5	19.4	18.3	11.3	11.5	12.8	14.9	15.4	0.8	0.4	0.7	0.7	0.6	34	31	32	27	27
Latin America – Region II																				
Argentina	0.8	0.7	0.8	0.8	0.6	0.5	0.4	0.4	0.4	0.4	0.0	0.0	0.0	0.1	0.0	25	24	32	26	27
Brazil	6.4	5.6	4.7	5.8	5.0	2.1	2.4	1.8	2.8	2.3	0.0	0.3	0.4	1.1	0.2	33	29	38	33	40
Chile	0.2	0.3	0.2	0.3	0.3	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	27	49	56	42	53
Colombia	0.9	0.9	0.9	1.0	1.1	0.4	0.5	0.6	0.6	0.6	0.0	0.0	0.0	0.0	0.0	28	25	34	32	34
Ecuador	0.2	0.2	0.3	0.3	0.4	0.1	0.1	0.2	0.2	0.3	0.0	0.0	0.0	0.0	0.0	26	29	23	27	26
Mexico	0.4	0.5	0.5	0.5	0.5	0.2	0.4	0.5	0.6	0.7	0.0	0.0	0.0	0.0	0.0	45	33	39	36	43
Peru	0.4	0.5	0.4	0.4	0.5	0.2	0.2	0.1	0.2	0.3	0.0	0.0	0.0	0.0	0.0	26	26	25	23	23
Uruguay	0.3	0.3	0.4	0.4	0.4	0.1	0.1	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	26	25	25	25	30
Venezuela	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	20	33	29	29	29
Balance of Latin America	0.5	0.5	0.7	0.8	0.9	0.2	0.5	0.5	0.5	0.6	0.0	0.0	0.0	0.0	0.0	17	18	18	17	17
Subtotal – Latin America	10.2	9.6	9.0	10.4	9.8	4.0	4.7	4.5	5.7	5.6	0.0	0.3	0.4	1.2	0.2	29	28	33	31	34
Asia – Region III																				
Hong Kong	0.1	0.3	0.4	0.4	0.5	0.0	0.2	0.3	0.3	0.3	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Indonesia	0.4	0.4	0.4	0.4	0.4	0.2	0.2	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	24	23	27	27	24
Japan	1.8	2.0	3.1	3.5	4.2	1.9	1.6	2.9	2.5	3.5	0.0	1.2	1.5	2.3	1.5	39	47	27	32	25
Korea, Republic of	0.3	0.2	0.2	0.3	0.4	0.1	0.1	0.1	0.2	0.2	0.0	0.0	0.0	0.0	0.0	39	65	78	81	68
Philippines	0.2	0.3	0.4	0.3	0.3	0.2	0.1	0.1	0.1	0.2	0.0	0.0	0.0	0.0	0.0	27	25	19	25	16
Thailand	0.3	0.1	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	28	44	37	41	42
Balance of Asia	0.4	0.5	0.5	0.6	0.8	0.3	0.2	0.3	0.3	0.6	0.0	0.0	0.0	0.0	0.0	31	22	24	3	20
Subtotal – Asia	3.5	3.8	5.2	5.6	6.8	2.8	2.5	4.0	3.7	5.1	0.0	1.2	1.5	2.3	1.5	38	41	29	33	26
Pacific, India & Pakistan – Region IV																				
Australia	2.3	2.1	2.2	2.2	2.3	1.1	1.2	1.5	1.5	1.7	0.0	0.0	0.0	0.0	0.0	25	25	25	25	26
India	5.3	5.9	6.7	7.1	5.2	1.7	1.9	2.4	2.4	1.9	0.0	0.0	0.0	0.0	0.0	27	19	21	16	23
New Zealand	0.5	0.5	0.4	0.5	0.4	0.3	0.3	0.3	0.3	0.3	0.0	0.1	0.2	0.0	0.0	24	23	23	22	22
Pakistan	0.3	0.2	0.2	0.3	0.5	0.1	0.2	0.1	0.1	0.2	0.0	0.0	0.0	0.0	0.0	36	32	87	43	36
Subtotal – Pacific, India & Pakistan	8.4	8.7	9.5	10.1	9.4	3.2	3.6	4.3	4.3	4.1	0.0	0.1	0.2	0.0	0.0	26	22	23	21	24

a/ An explanation of the performance indicators is given in paragraphs 2 and 3 of the annex.

Table 2 (continued)

	PI 1 Card sales (Millions of card units)					PI 2 Gross proceeds (Millions of US dollars)					PI 3 Other income (Millions of US dollars)					PI 4 Commissions/retention (percentage of gross proceeds)				
	1986	1987	1988	1989	1990	1986	1987	1988	1989	1990	1986	1987	1988	1989	1990	1986	1987	1988	1989	1990
Europe – Region V																				
Austria	1.5	1.4	1.4	1.6	1.7	1.0	1.2	1.2	1.3	1.7	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Belgium	1.9	1.7	1.9	2.1	2.8	1.5	1.5	1.6	1.8	2.8	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Czechoslovakia	0.3	0.3	0.3	0.5	0.3	0.7	0.7	0.7	0.8	0.1	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Denmark	1.9	2.0	2.0	1.9	2.0	1.3	1.6	1.7	1.6	2.1	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Finland	2.7	2.6	3.0	3.0	2.7	2.2	2.4	3.1	3.4	4.1	0.1	0.2	0.2	0.2	0.2	25	25	25	25	25
France	11.7	11.8	12.8	14.4	14.2	7.7	9.0	10.7	11.8	15.7	0.1	0.5	0.2	0.3	0.4	25	25	25	25	25
German Democratic Republic	1.0	1.0	1.0	1.0	0.4	0.3	0.4	0.4	0.3	0.1	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Germany, Federal Republic of	14.4	14.6	15.6	16.4	16.5	11.0	13.7	15.1	14.8	19.4	0.0	0.2	0.7	0.2	0.4	24	24	24	24	24
Greece	1.8	1.7	1.9	2.3	2.6	0.7	0.8	1.1	1.2	1.8	0.0	0.1	0.1	0.1	0.2	25	25	25	25	25
Ireland	0.4	0.3	0.4	0.4	0.5	0.2	0.2	0.3	0.3	0.4	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Italy	5.2	5.1	5.7	7.2	8.8	2.9	3.4	4.1	6.3	10.7	0.2	0.5	0.4	0.6	0.8	25	25	25	24	24
Luxembourg	0.3	0.4	0.4	0.4	0.5	0.2	0.3	0.4	0.4	0.6	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Netherlands	5.3	5.5	7.2	7.8	8.0	3.4	4.4	5.8	5.9	7.5	0.5	1.4	0.4	0.4	0.4	25	25	25	24	25
Norway	2.1	2.5	2.1	2.3	2.0	1.3	1.8	1.8	1.9	1.8	0.0	0.0	0.0	0.0	0.0	21	25	25	21	21
Poland	1.4	2.2	5.1	4.1	0.8	0.6	0.4	1.3	0.7	0.1	0.0	0.0	0.0	0.0	0.0	25	25	25	0	25
Portugal	0.8	1.0	1.2	1.5	2.1	0.3	0.4	0.5	0.6	1.0	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Spain	8.3	9.7	11.1	13.6	15.0	2.3	3.2	4.1	5.4	8.4	0.1	0.2	0.0	0.0	0.1	25	25	25	25	25
Sweden	3.0	3.1	3.6	3.9	3.4	1.7	2.2	2.6	3.1	3.3	0.0	0.0	0.0	0.1	0.2	22	25	25	25	25
Switzerland	4.2	4.4	4.5	4.5	4.6	4.1	4.8	5.0	5.5	6.9	0.2	0.7	0.4	0.5	0.4	25	25	25	25	25
Turkey	1.5	1.9	2.5	3.0	4.1	0.3	0.4	0.5	0.7	1.4	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
United Kingdom	2.0	1.9	2.0	2.4	2.3	1.0	1.1	1.3	1.5	1.6	0.0	0.0	0.0	0.0	0.0	22	22	24	22	22
Yugoslavia	4.0	3.8	5.2	5.3	6.3	1.6	2.0	1.6	1.9	4.3	0.0	0.0	0.0	0.0	0.0	25	24	25	25	25
Others	1.0	2.1	2.1	2.5	3.0	1.6	2.8	2.8	2.7	3.3	0.2	0.3	0.0	0.1	0.0	24	25	24	25	25
Subtotal – Europe	76.7	81.0	93.0	102.1	104.6	47.9	58.7	67.7	73.9	99.1	1.4	4.1	2.4	2.5	3.1	25	25	25	24	25
Africa & Middle East – Region VI	3.5	3.8	4.7	4.8	5.1	4.2	4.9	5.6	5.0	5.6	0.0	0.0	0.0	0.0	0.1	12	13	13	14	17
TOTAL	122.1	125.8	138.9	152.4	154.0	73.4	85.9	98.9	107.5	134.9	2.2	6.1	5.2	6.7	5.5	26	25	25	25	25

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Table 2 (continued)

	PI 5 Pricing (percentage of base price)					PI 6 Distribution over sales (percentage over base)					PI 7 Promotional materials (percentage of gross proceeds)					PI 8 Contribution to GCO (percentage of gross proceeds)				
	1986	1987	1988	1989	1990	1986	1987	1988	1989	1990	1986	1987	1988	1989	1990	1986	1987	1988	1989	1990
North America – Region I																				
Canada	94	*	*	*	*	19	49	0	0	16	7	9	4	5	5	45	36	52	55	52
United States of America	*	*	*	*	*	48	5	19	27	40	10	11	12	9	9	38	40	38	48	47
Subtotal – North America	–	–	–	–	–	39	16	9	13	32	9	10	9	8	8	40	39	43	51	48
Latin America – Region II																				
Argentina	*	82	87	77	80	0	0	0	0	26	1	2	1	1	1	88	49	46	71	46
Brazil	62	67	69	66	72	0	14	24	0	19	2	3	4	3	3	41	60	42	62	30
Chile	64	60	56	53	68	206	103	61	0	0	3	6	10	6	4	(20)	(29)	(25)	18	3
Colombia	84	87	83	72	80	4	5	0	0	0	2	3	2	3	1	41	45	36	28	34
Ecuador	*	84	79	75	80	61	9	14	0	0	1	2	1	2	2	30	37	38	43	38
Mexico	96	96	96	*	*	27	29	67	0	19	4	3	3	2	2	16	26	35	33	24
Peru	66	65	61	76	68	0	0	14	0	0	1	1	1	1	1	53	48	30	47	54
Uruguay	76	67	74	61	80	49	0	0	0	0	6	5	3	5	3	22	49	45	37	36
Venezuela	84	82	86	70	80	75	0	0	0	0	2	3	3	2	3	31	40	27	30	50
Balance of Latin America	–	–	–	–	–	31	0	0	0	2	6	4	1	1	2	54	47	57	54	33
Subtotal – Latin America	–	–	–	–	–	4	9	10	0	9	2	3	3	2	2	41	45	40	61	34
Asia Region III																				
Hong Kong	90	91	91	88	84	84	30	6	22	0	1	11	12	10	10	37	33	44	45	50
Indonesia	96	84	80	73	80	6	70	0	0	0	2	2	2	6	5	57	42	50	47	52
Japan	*	*	*	*	*	0	28	0	0	0	2	2	1	2	2	40	110	118	148	107
Korea, Republic of	92	91	96	*	96	201	0	0	0	0	4	7	6	6	7	28	2	(10)	(9)	12
Philippines	84	82	82	77	76	46	9	19	27	0	10	12	6	3	6	26	26	46	43	51
Thailand	84	76	81	77	76	27	161	36	5	7	2	6	7	11	6	44	(1)	25	26	28
Balance of Asia	–	–	–	–	–	0	20	6	0	0	2	6	5	1	6	50	40	42	70	52
Subtotal – Asia	–	–	–	–	–	23	30	0	0	0	2	4	3	4	3	40	81	95	112	87
Pacific, India & Pakistan – Region IV																				
Australia	78	95	*	*	*	6	34	0	2	8	18	10	6	5	5	32	32	49	48	49
India	62	55	61	47	56	118	10	0	0	7	1	1	1	1	1	46	45	51	52	37
New Zealand	83	*	*	*	*	15	0	0	0	0	5	4	7	7	9	48	57	85	33	38
Pakistan	76	75	72	61	60	0	104	88	0	0	4	4	11	5	8	41	19	(86)	31	29
Subtotal – Pacific, India & Pakistan	–	–	–	–	–	77	17	0	0	5	7	4	3	3	4	42	41	52	48	42

Table 2 (continued)

	PI 5 Pricing (percentage of base price)					PI 6 Distribution over sales (percentage over base)					PI 7 Promotional materials (percentage of gross proceeds)					PI 8 Contribution to GCO (percentage of gross proceeds)				
	1986	1987	1988	1989	1990	1986	1987	1988	1989	1990	1986	1987	1988	1989	1990	1986	1987	1988	1989	1990
Europe – Region V																				
Austria	•	•	•	•	•	38	12	18	20	13	14	7	11	8	12	45	56	53	58	60
Belgium	•	•	•	•	•	5	8	15	22	37	4	6	4	6	5	57	56	58	55	54
Czechoslovakia	70	71	67	53	56	0	0	0	0	14	0	0	0	0	0	65	63	62	62	33
Denmark	•	•	•	•	•	20	0	8	0	10	3	4	3	4	6	55	58	62	60	58
Finland	•	•	•	•	•	13	13	10	19	31	4	3	3	4	4	63	67	67	68	63
France	•	•	•	•	•	26	29	15	34	31	3	3	3	4	3	60	63	61	60	60
German Democratic Republic	66	71	70	•	60	0	0	0	0	0	0	1	1	2	5	73	73	73	72	68
Germany, Federal Republic of	•	•	•	•	•	5	1	2	8	13	2	1	1	2	2	61	65	68	63	64
Greece	62	71	76	68	64	0	0	0	0	0	7	7	4	3	3	48	56	55	61	58
Ireland	•	•	•	91	87	0	3	0	0	0	2	8	2	3	3	54	52	64	62	64
Italy	92	92	•	98	93	40	31	0	11	0	2	2	2	3	3	68	78	76	62	63
Luxembourg	•	•	•	•	•	0	26	8	3	0	3	5	5	6	5	60	55	61	60	59
Netherlands	•	•	•	•	•	12	5	4	6	14	4	3	3	4	4	69	90	68	65	63
Norway	•	•	•	•	•	16	12	16	10	17	2	1	1	2	2	42	50	46	50	47
Poland	28	18	23	16	14	0	0	0	19	195	1	1	0	0	12	41	6	61	67	(23)
Portugal	•	•	66	59	54	0	16	0	0	0	3	3	2	4	2	62	73	63	62	66
Spain	50	51	63	64	61	3	0	0	0	0	5	4	3	3	2	54	59	55	58	57
Sweden	•	•	•	•	•	22	17	0	39	14	2	2	1	2	1	56	42	43	52	59
Switzerland	•	•	•	•	•	8	8	16	7	17	5	6	6	6	4	64	75	67	69	66
Turkey	30	29	39	30	20	0	0	0	0	0	1	1	2	2	3	58	44	54	51	56
United Kingdom	81	73	86	88	77	26	23	18	24	36	3	4	3	6	5	41	42	41	41	32
Yugoslavia	44	49	49	45	1	12	0	0	0	0	0	1	1	0	1	62	63	56	67	67
Others	•	•	•	•	•	0	0	0	0	0	2	2	0	1	1	62	57	60	58	59
Subtotal – Europe	–	–	–	–	–	13	4	1	8	10	3	3	3	3	3	60	65	62	61	61
Africa and Middle East – Region VI	•	•	•	•	•	3	0	0	0	0	1	1	1	14	2	65	68	68	68	65
TOTAL	–	–	–	–	–	21	8	1	5	10	4	4	3	4	3	54	60	60	61	59